

## Message Text

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PAGE 01 TOKYO 04680 01 OF 02 012227Z  
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00  
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 /082 W  
-----012258Z 018547 /70

R 011000Z APR 77  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 6616  
INFO CINCPAC HONOLULU HI  
COMUSJAPAN YOKOTA JAPAN

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 4680

E.O. 11652: GDS  
TAGS: MARR, JA  
SUBJECT: LABOR COST SHARING NEGOTIATIONS

REF: A. TOKYO 3406, B. STATE 64837

SUMMARY: DURING OPENING OF LABOR SHARING  
NEGOTIATIONS MAR 30, US SIDE SAID IT WOULD BE  
SUBMITTING COST SHARING PROPOSALS IN THREE  
AREAS (A) RETIREMENT ALLOWANCES, (B) SOCIAL INSURANCE  
AND ADMINISTRATIVE COSTS, (C) AREAS WHERE US COSTS  
EXCEEDED PREVAILING PRACTICE. JAPANESE SIDE  
EMPHASIZED SOLUTION MUST BE FOUND WITHIN SOFA,  
SHOULD NOT BE CONSIDERED AS BURDEN SHARING IN GENERAL,  
AND SHOULD NOT AFFECT CURRENT LABOR STANDARDS  
ALTHOUGH IT IS TOO EARLY TO PROMISE THIS LATTER TO UNIONS.  
US SIDE STATED IT DID NOT SEE THESE AS BAR TO SUCCESSFUL  
NEGOTIATION. US WILL PRESENT DETAILED PROPOSAL AT  
NEXT MEETING LATER THIS MONTH. END SUMMARY.

1. OPENING SESSION OF LABOR COST SHARING  
NEGOTIATIONS WAS HELD AT MOFA MARCH 30. US SIDE  
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REPRESENTED BY: POLCOUNS SELIGMANN, USFJ J5  
COL REISLING, POL/MIL OFFICER MCELROY AND USFJ/J5  
LABOR BRANCH CHIEF LT COL CLEARY; JAPANESE SIDE  
REPRESENTED BY DEPDIRGEN AMERICAN AFFAIRS BUREAU  
ASAO, DEPDIRGEN DFAA ANZAI, DFAA LABOR DIV DIR KOGA, AND FONOFF  
SEC DIV DIR SATOH. FINMIN BUDGET EXAMINER  
IWASAKI ATTENDED AS OBSERVER.

2. IN BRIEF OPENING STATEMENT ASAO SAID JAPANESE SAID LOOKED TO TALKS TO BRING ABOUT STABILIZATION OF US-JAPANESE LABOR MATTERS. AS HE SAW IT, NEGOTIATIONS WOULD ADDRESS (1) USFJ-DFAA JOINT STUDY REPORT SUBMITTED TO JOINT COMMITTEE IN DECEMBER 1976; (W) LABOR SUBCOMMITTEE REPORT OF JANUARY 20, 1977 AND (3) OTHER LABOR MATTERS WITH VIEW TO STABILIZING LABOR SITUATION.

3. ASAO ASKED THAT US PRESENT TO JAPANESE SIDE DETAILED PROPOSALS IN REGARD TO US-JAPAN LABOR MATTERS, INCLUDING THE ABOVE REPORTS. HE PROPOSED THAT JAPANESE SIDE THEN EXAMINE AND PRESENT ITS VIEWS, WHEREUPON THE TWO SIDES WOULD COORDINATE THEIR VIEWS AND SEEK SOLUTIONS.

4. IN OPENING REMARKS US CHAIRMAN SAID THAT US GOVERNMENT ATTACHED GREAT IMPORTANCE TO DISCUSSIONS ON THREE GROUNDS:

(1) RAPIDLY RISING COSTS AFFECTED ABILITY OF US FORCES TO PERFORM MISSION EFFECTIVELY IN JAPAN AND COULD IN TIME AFFECT OUR ABILITY TO MAINTAIN FORCE STRUCTURE IN SUPPORT OF MUTUAL SECURITY INTERESTS. LABOR COMPONENT WAS MOST RAPIDLY RISING PART OF OUR COSTS IN JAPAN AND SOME LABOR COSTS EXCEEDED THOSE GENERALLY PREVAILING IN JAPAN.  
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(2) PRESENT BALANCE OF CONTRIBUTIONS TO MUTUAL SECURITY WAS PRODUCT OF SITUATION IN EARLIER ERA AND DID NOT ADEQUATELY REFLECT JAPAN'S ABILITY TO CONTRIBUTE. THERE WAS MUCH CRITICISM IN UNITED STATES IN OFFICIAL AND UNOFFICIAL CIRCLES ABOUT JAPANESE ASSUMING INADEQUATE SHARE OF DEFENSE BURDEN AND SUCCESSFUL OUTCOME OF TALKS ON LABOR COST SHARING SHOULD GO FAR TO ALLAY SUCH CRITICISM AND ENHANCE EFFECTIVENESS OF PUBLIC SUPPORT FOR SECURITY TREATY RELATIONSHIP.

(3) WE UNDERSTOOD INTEREST OF JAPANESE SIDE IN LABOR STABILITY. LABOR COSTS HAD BEEN IMPORTANT CONSIDERATION IN RIFS AND HAD MADE ANNUAL WAGE NEGOTIATIONS PAINFUL AFFAIR, CAUSING PROBLEMS FOR BOTH OUR GOVERNMENTS AND UNCERTAINTY FOR EMPLOYEES. WHILE IT WAS NOT POSSIBLE

TO MAKE COMMITMENTS ON WORK-FORCE  
LEVELS, SATISFACTORY RESOLUTION OF COST  
PROBLEM WOULD ENHANCE LABOR STABILITY.

5. US SIDE WOULD BE PREPARED AT NEXT SESSION  
TO SUBMIT PROPOSALS FOR GOJ ASSISTANCE IN THREE  
GENERAL AREAS: SEPARATION AND RETIREMENT  
ALLOWANCES; SOCIAL INSURANCE AND ADMINISTRATIVE  
COSTS; AND COSTS IN EXCESS TO PREVAILING PRACTICES IN  
JAPAN, IN PARTICULAR TEN-PERCENT DIFFERENTIAL, PAID  
NOWHERE ELSE IN THE WORLD. US CHAIRMAN NOTED WE  
DID NOT LOOK UPON DISCUSSIONS AS CUSTOMARY LABOR  
NEGOTIATIONS, INASMUCH AS WE DID NOT HAVE LABOR  
PROBLEMS BUT SERIOUS BUDGET PROBLEM. IN THIS  
CONTEXT, WE ENTERED DISCUSSION WITH INTENT THAT  
OUTCOME WOULD NOT AFFECT CONDITIONS OF  
EMPLOYMENT OF PRESENT LABOR FORCE. MOREOVER, WE  
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DID NOT WISH TO SEE LABOR-COST ASSISTANCE SUBSTITUTE  
FOR GOJ APPROPRIATIONS FOR CONTINUED IMPROVEMENTS  
IN JSDF. WE RECOGNIZED COMPLEXITY OF PROBLEMS,  
BUT NOTED THAT SOFA AND PRESENT LABOR ARRANGEMENTS  
WERE DESIGNED IN DIFFERENT ERA AND SUGGESTED THAT  
WITH DILIGENCE AND IMAGINATION WE COULD ADAPT THEM  
TO REQUIREMENTS OF PRESENT CIRCUMSTANCES.

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ACTION EA-09

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L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00  
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 /082 W  
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R 011000Z APR 77  
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COMUSJAPAN YOKOTA JAPAN

C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 4680

6. ASAO COMMENTED THAT WHILE JAPANESE SIDE WAS AWARE OF CRITICISM OF JAPANESE CONTRIBUTIONS TO SECURITY, TALKS WERE LIMITED TO LABOR COSTS AND WOULD NOT COVER COST-SHARING IN GENERAL. WE AGREED AND NOTED WE HAD RAISED POINT TO NOTE FAVORABLE POLITICAL IMPACT THAT MIGHT ACCRUE FROM SUCCESSFUL OUTCOME.

7. ASAO NOTED US COMMENT ON SOFA BUT STATED SOLUTION WOULD HAVE TO BE FOUND WITHIN SCOPE OF SOFA, WHICH NEITHER PRESENT GROUP NOR JOINT COMMITTEE HAD AUTHORITY TO CHANGE. WE AGREED, BUT AGAIN SUGGESTED SOFA BE TREATED AS "LIVING DOCUMENT."

8. FINALLY, ASAO SAID WHILE GOJ SIDE ALSO HOPED SOLUTIONS WOULD NOT AFFECT CURRENT WORKING CONDITIONS, IT WAS TOO EARLY TO SAY SO, INASMUCH AS THERE WERE TWO POSSIBILITIES: LOWER WORKING CONDITIONS OF FIND SOME OTHER WAY THROUGH USE OF BUDGETARY RESOURCES, WHICH COURSE WAS TAKEN WOULD DEPEND ON OUTCOME OF TALKS. (MOFA SUBSEQUENTLY INDICATED THIS WAS INTENDED PRIMARILY FOR BENEFIT OF FINMIN OBSERVER.) US CHAIRMAN  
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COMMENTED THAT WHILE THIS WAS THEORITICALLY AND LOGICALLY THE CASE, HE TRUSTED NEITHER SIDE WAS LOOKING FOR LABOR CONFLICT, WHICH CUT-BACK IN WAGES AND ALLOWANCES WOULD PROBABLY ENTAIL. IT WAS CLEAR, HOWEVER, AS WE HAD INDICATED IN RESPONSE TO RECENT GARRISON WORKERS UNION REPRESENTATION THAT NEGOTIATIONS WAS BETWEEN USG AND GOJ AND IT WAS UP TO GOJ TO DEAL WITH UNION.

9. AT REQUEST JAPANESE SIDE, IT WAS AGREED THERE WOULD BE NO PRESS STATEMENT AND THAT IN RESPONSE TO ANY INQUIRY WE WOULD MERELY SAY DISCUSSIONS HAD GOTTEN UNDERWAY WITHOUT ONE REVEALING SUBSTANCE. (THERE HAS THUS FAR BEEN NO PUBLICITY.)

10. WE APPRECIATE DEPARTMENT'S WILLINGNESS TO BACK UP TALKS WITH ADDITIONAL POLITICAL LEVEL EMPHASIS, AND BELIEVE COMMENT DURING FUKUDA VISIT WAS MOST HELPFUL IN THIS REGARD. IT WOULD ALSO BE IN ORDER TO INCLUDE MENTION OF OUR EXPECTATIONS FOR LABOR-COST ASSISTANCE IN ANY HIGH-LEVEL CONVERSATIONS OVER COMING MONTHS. WE WOULD WISH TO RESERVE, HOWEVER, AT THIS EARLY STAGE OF DISCUSSIONS, IN

REGARD TO SUGGESTION THAT COST-SHARING BE FORMAL  
AGENDA ITEM OR SCC OR OTHER FORUM. WIDELY PUBLICIZED  
SCC MEETINGS HAVE GENERALLY BEEN USED TO ANNOUNCE  
PREVIOUSLY AGREED DECISIONS, AND INCONCLUSIVE  
DISCUSSIONS OF CONTROVERSIAL LABOR-COST ISSUE WOULD  
LEAD TO PREMATURE POLITICIZATION.

11. WE WOULD MUCH PREFER TO CROSS SOFA BRIDGE AS  
WE COME TO IT. WHILE OUTCOME OF NEGOTIATIONS  
MIGHT REQUIRE NEW SOFA INTERPRETATIONS, WE CANNOT NOW  
ENVISAGE OPENING SOFA TO MODIFICATION. JAPANESE HAVE  
UNDERSTOOD JOINT COMMITTEE AGREEMENTS TO BE SUBJECT  
TO CASE ACT, AND WHILE WE SEE NO PROBLEM WE WILL  
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REMIND MOFA INFORMALLY.

12. WE ARE NOW PREPARING DETAILED PROPOSALS FOR  
NEXT SESSION WHICH WE ANTICIPATE TAKING PLACE  
IN LATTER HALF THIS MONTH.  
SHOESMITH

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## Message Attributes

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**Disposition Approved on Date:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**TAGS:** MARR, ELAB, JA, US  
**To:** STATE  
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